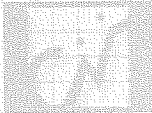


COUNCIL OF INSTITUTIONAL INVESTORS



For Immediate Release

November 10, 2005

**Council of Institutional Investors' Statement on the Introduction of the
Protection Against Executive Compensation Abuse Act**

Washington , D.C. —Executive compensation is an extremely important issue for the Council of Institutional Investors, an association of more than 130 public, corporate and union pension funds with more than \$3 trillion in investments . Pay decisions are one of the most direct ways for shareowners to assess the performance of the board. To properly perform this assessment, shareowners must have comprehensive, accurate and clear information detailing long- and short-term compensation to executives. The provisions in the Protection Against Executive Compensation Abuse Act bill that call for full disclosure of information about all compensation paid to executives and the performance measures tied to compensation would assist shareowners in this effort.

The bill also dovetails with the Securities and Exchange Commission's current efforts to improve and update executive compensation disclosure rules. The Council strongly supports this initiative and has released a draft discussion paper highlighting some of the disclosure issues that it believes should be addressed in any proposed rulemaking by the SEC. (Click here to access the discussion paper)

The bill's provisions requiring shareowner approval of certain types of compensation and disgorgement of ill-gotten bonuses also coincide with the Council's policies. Council policy on management compensation (which can be found at: <http://www.cii.org/policies/compensation/index.html>) calls for shareowner approval of the following components of executive compensation:

- all long-term incentive plans, including equity-based plans or any material amendments to existing plans;
- any amendments of outstanding awards to shorten vesting requirements, reduce performance targets or otherwise change outstanding long-term incentive awards to benefit executives; and
- all employment contracts, side letters or other agreements providing for severance, change-in-control or other special payments to executives exceeding 2.99 times average annual salary plus annual bonus for the previous three years.

The Protection Against Executive Compensation Abuse Act would require companies to seek shareholder approval of a comprehensive “executive compensation plan” that would include details about management’s pay and the performance measures tied to that pay—provisions that are considered “best practices” by the Council.

The legislation also would require companies to include in their “executive compensation plan” their policies on disgorgement of ill-gotten or improperly awarded bonuses. Council policy says executives should be required to repay incentive compensation to the company in the event of malfeasance involving the executive, or fraudulent or misleading accounting that results in substantial harm to the corporation.

“The Council looks forward to working with the SEC to improve the information available to shareholders about how their investment dollars are used to compensate corporate executives,” said Ann Yerger, executive director of the Council of Institutional Investors.